

For Immediate Release
March 23, 2006

Mike Tracy (208) 342-7985
Sid Smith (202) 224-8708

What Message Did We Send?
by Senator Larry Craig

As you may have heard, Dubai Ports World (DPW), the company that had purchased the management rights to six U.S. ports, recently withdrew its proposal and agreed to turn over its operation of American ports to U.S. entities. Upon hearing this news, nearly everyone in the United States, for one reason or another, breathed a huge sigh of relief.

Many Americans were rightly concerned about foreign companies, especially government-owned companies, owning management rights for U.S. ports. Our ports are on the front line in the war on terrorism, and we must always be on guard against their exploitation or infiltration by terrorists.

Because of the enormous public outcry, Congress and the Bush Administration decided to reexamine the deal, to ensure that all angles and all possibilities were considered. Failure to fully vet this sale through appropriate Congressional channels, regardless of the nationality of the company, would be foolhardy in a post 9/11 world.

As a result of this event, Senator Susan Collins, Chairwoman of the Senate Homeland Security and Governmental Affairs Committee, has introduced legislation that would allow Homeland Security officials to take part in the review of potential foreign investments in the United States. But this proposal will generate quite a bit of debate about government involvement in the free market, and may muddy up the waters.

The United States needs to be careful in the messages it sends to the world. The federal government has a responsibility to take measures to safeguard Americans. Therefore, a thorough review of foreign purchases makes sense, especially when sales involve companies or infrastructure that are vital to national security. However, generations of experience have proven that overly-strict or burdensome regulations and review requirements can discourage investment. A balance must be achieved: security concerns must be given ample consideration without driving investment elsewhere and sacrificing the U.S. economy.

Another message sent by the collapse of the Dubai Ports deal is that the United States may not always be consistent in preaching the virtues of capitalism and a free market economy. While we encourage other nations to open their economies to more outside investment, we restrict foreign investment here. Practicing protectionism at home opens us up to accusations of hypocrisy abroad, and rightly so.

[MORE]

CRAIG Page 2 – What Message Did We Send?

Finally, rejection of the ports deal sends a terrible message to our partners in the war on terror. The United Arab Emirates (UAE) has been a strong partner in this war. This country has provided forward basing for our military and intelligence services, valuable intelligence, and ironically, harbors for our naval vessels. The UAE has been a willing ally, but we have repaid them like an enemy.

Having said that, I do not mean to suggest that Americans were wrong to be concerned about the Dubai Ports deal. I shared those concerns and supported efforts in Congress to review the deal more thoroughly before proceeding. That was the prudent thing to do.

In the future, Congress must be careful to find the correct balance between a strong economy and strong security, without sacrificing one for the other. I believe it can be done, and I will continue to work in the Senate to that end. At home and abroad, our words must ring true.